



## Senate

General Assembly

**File No. 355**

*January Session, 2007*

Substitute Senate Bill No. 1418

*Senate, April 5, 2007*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING THE FINANCING OF PROJECTS BY PRIVATE ENTITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-23e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 To accomplish the purposes of the authority, as defined in  
4 subsection (t) of section 32-23d, which are hereby determined to be  
5 public purposes for which public funds may be expended, and in  
6 addition to any other powers provided by law, the authority shall have  
7 power to: (1) Determine the location and character of any project to be  
8 financed under the provisions of said chapters and sections, provided  
9 any financial assistance shall be approved in accordance with written  
10 procedures prepared pursuant to subdivision (14) of this section; (2)  
11 purchase, receive, by gift or otherwise, lease, exchange, or otherwise  
12 acquire, and construct, reconstruct, improve, maintain, equip and  
13 furnish one or more projects, including all real and personal property  
14 which the authority may deem necessary in connection therewith, and

15 to enter into a contract with a person therefor upon such terms and  
16 conditions as the authority shall determine to be reasonable, including  
17 but not limited to reimbursement for the planning, designing,  
18 financing, construction, reconstruction, improvement, equipping,  
19 furnishing, operation and maintenance of the project and any claims  
20 arising therefrom and establishment and maintenance of reserve and  
21 insurance funds with respect to the financing of the project; (3) insure  
22 any or all payments to be made by the borrower under the terms of  
23 any agreement for the extension of credit or making of a loan by the  
24 authority in connection with any economic development project to be  
25 financed, wholly or in part, through the issuance of bonds or mortgage  
26 payments of any mortgage which is given by a mortgagor to the  
27 mortgagee who has provided the mortgage for an economic  
28 development project upon such terms and conditions as the authority  
29 may prescribe and as provided herein, and the faith and credit of the  
30 state are pledged thereto; (4) in connection with the insuring of  
31 payments of any mortgage, request for its guidance a finding of the  
32 municipal planning commission, or, if there is no planning  
33 commission, a finding of the municipal officers, of the municipality in  
34 which the economic development project is proposed to be located, or  
35 of the regional planning agency of which such municipality is a  
36 member, as to the expediency and advisability of the economic  
37 development project; (5) sell or lease to any person, all or any portion  
38 of a project, purchase from eligible financial institutions mortgages  
39 with respect to economic development projects, purchase or  
40 repurchase its own bonds, and sell, pledge or assign to any person any  
41 such bonds, mortgages, or other loans, notes, revenues or assets of the  
42 authority, or any interest therein, for such consideration and upon  
43 such terms as the authority may determine to be reasonable; (6)  
44 mortgage or otherwise encumber all or any portion of a project  
45 whenever it shall find such action to be in furtherance of the purposes  
46 of said chapters and sections; (7) enter into agreements with any  
47 person, including prospective mortgagees and mortgagors, for the  
48 purpose of planning, designing, constructing, acquiring, altering and  
49 financing projects, providing liquidity or a secondary market for

50 mortgages or other financial obligations incurred with respect to  
51 facilities which would qualify as a project under this chapter,  
52 purchasing loans made by regional corporations under section 32-276,  
53 or for any other purpose in furtherance of any other power of the  
54 authority; (8) grant options to purchase or renew a lease for any of its  
55 projects on such terms as the authority may determine to be  
56 reasonable; (9) employ or retain attorneys, accountants and  
57 architectural, engineering and financial consultants and such other  
58 employees and agents and to fix their compensation and to employ the  
59 Connecticut Development Credit Corporation on a cost basis as it shall  
60 deem necessary to assist it in carrying out the purposes of said  
61 authority legislation; (10) borrow money or accept gifts, grants or loans  
62 of funds, property or service from any source, public or private, and  
63 comply, subject to the provisions of said authority legislation, with the  
64 terms and conditions thereof; (11) accept from a federal agency loans  
65 or grants for use in carrying out its purpose, and enter into agreements  
66 with such agency respecting any such loans or grants; (12) provide  
67 tenant lease guarantees, [and] performance guarantees, and loan  
68 guarantees up to one million dollars, invest in, extend credit or make  
69 loans to any person for the planning, designing, financing, acquiring,  
70 constructing, reconstructing, improving, expanding, continuing in  
71 operation, equipping and furnishing of a project and for the  
72 refinancing of existing indebtedness with respect to any facility or part  
73 thereof which would qualify as a project in order to facilitate  
74 substantial improvements thereto, which guarantees, investments,  
75 credits or loans may be secured by loan agreements, lease agreements,  
76 installment sale agreements, mortgages, contracts and all other  
77 instruments or fees and charges, upon such terms and conditions as  
78 the authority shall determine to be reasonable in connection with such  
79 loans, including provision for the establishment and maintenance of  
80 reserve and insurance funds and in the exercise of powers granted in  
81 this section in connection with a project for such person, to require the  
82 inclusion in any contract, loan agreement or other instrument, such  
83 provisions for the construction, use, operation and maintenance and  
84 financing of a project as the authority may deem necessary or

85 desirable; (13) in connection with any application for assistance under  
86 said authority legislation, or commitments therefor, to make and  
87 collect such fees and charges as the authority shall determine to be  
88 reasonable; (14) adopt procedures, in accordance with the provisions  
89 of section 1-121, to carry out the provisions of said authority  
90 legislation, which may give priority to applications for financial  
91 assistance based upon the extent the project will materially contribute  
92 to the economic base of the state by creating or retaining jobs,  
93 providing increased wages or benefits to employees, promoting the  
94 export of products or services beyond the boundaries of the state,  
95 encouraging innovation in products or services, encouraging defense-  
96 dependent business to diversify to nondefense production, promoting  
97 standards of participation adopted by the Connecticut partnership  
98 compact pursuant to section 33-374g of the general statutes, revision of  
99 1958, revised to 1991, or will otherwise enhance existing activities that  
100 are important to the economic base of the state, provided regulation-  
101 making proceedings commenced before January 1, 1989, shall be  
102 governed by sections 4-166 to 4-174, inclusive; (15) adopt an official  
103 seal and alter the same at pleasure; (16) maintain an office at such place  
104 or places within the state as it may designate; (17) sue and be sued in  
105 its own name and plead and be impleaded, service of process in any  
106 action to be made by service upon the executive director of said  
107 authority either in hand or by leaving a copy of the process at the  
108 office of the authority with some person having charge thereof; (18)  
109 employ such assistants, agents and other employees as may be  
110 necessary or desirable for its purposes, which employees shall be  
111 exempt from the classified service and shall not be employees as  
112 defined in subsection (b) of section 5-270; establish all necessary or  
113 appropriate personnel practices and policies, including those relating  
114 to hiring, promotion, compensation, retirement and collective  
115 bargaining, which need not be in accordance with chapter 68 and the  
116 authority shall not be an employer as defined in subsection (a) of  
117 section 5-270; contract for and engage appraisers of industrial  
118 machinery and equipment, consultants and property management  
119 services, and utilize the services of other governmental agencies; (19)

120 when it becomes necessary or feasible for the authority to safeguard  
121 itself from losses, acquire, purchase, manage and operate, hold and  
122 dispose of real and personal property, take assignments of rentals and  
123 leases and make and enter into all contracts, leases, agreements and  
124 arrangements necessary or incidental to the performance of its duties;  
125 (20) in order to further the purposes of said authority legislation, or to  
126 assure the payment of the principal and interest on bonds or notes of  
127 the authority or to safeguard the mortgage insurance fund, purchase,  
128 acquire and take assignments of notes, mortgages and other forms of  
129 security and evidences of indebtedness, purchase, acquire, attach,  
130 seize, accept or take title to any project by conveyance or, by  
131 foreclosure, and sell, lease or rent any project for a use specified in said  
132 chapters and sections or in said chapter 579; (21) adopt rules for the  
133 conduct of its business; (22) invest any funds not needed for immediate  
134 use or disbursement, including any funds held in reserve, in  
135 obligations issued or guaranteed by the United States of America or  
136 the state of Connecticut and in other obligations which are legal  
137 investments for savings banks in this state; (23) do, or delegate, any  
138 and all things necessary or convenient to carry out the purposes and to  
139 exercise the powers given and granted in said authority legislation;  
140 provided, in all matters concerning the internal administrative  
141 functions of the authority which are funded by amounts appropriated  
142 by the state to the authority or to the department, the procedures of the  
143 state relating to office space, supplies, facilities, materials, equipment  
144 and professional services shall be followed, and provided further, that  
145 in the acquisition by the authority of real estate involving the use of  
146 appropriated funds or bonds supported by the full faith and credit of  
147 the state, the authority shall be subject to the provisions of section 4b-  
148 23; (24) to accept from the department: (A) Financial assistance, (B)  
149 revenues or the right to receive revenues with respect to any program  
150 under the supervision of the department, and (C) loan assets or equity  
151 interests in connection with any program under the supervision of the  
152 department; to make advances to and reimburse the department for  
153 any expenses incurred or to be incurred by it in the delivery of such  
154 assistance, revenues, rights, assets or amounts; to enter into

155 agreements for the delivery of services by the authority, in  
 156 consultation with the department, the Connecticut Housing Finance  
 157 Authority and Connecticut Innovations, Incorporated, to third parties  
 158 which agreements may include provisions for payment by the  
 159 department to the authority for the delivery of such services; and to  
 160 enter into agreements with the department or with the Connecticut  
 161 Housing Finance Authority or Connecticut Innovations, Incorporated  
 162 for the sharing of assistants, agents and other consultants,  
 163 professionals and employees, and facilities and other real and personal  
 164 property used in the conduct of the authority's affairs; and (25) to  
 165 transfer to the department: (A) Financial assistance, (B) revenues or the  
 166 right to receive revenues with respect to any program under the  
 167 supervision of the authority, and (C) loan assets or equity interests in  
 168 connection with any program under the supervision of the authority,  
 169 provided the transfer of such financial assistance, revenues, rights,  
 170 assets or interests is determined by the authority to be practicable,  
 171 within the constraints and not inconsistent with the fiduciary  
 172 obligations of the authority imposed upon or established upon the  
 173 authority by any provision of the general statutes, the authority's bond  
 174 resolutions or any other agreement or contract of the authority and to  
 175 have no adverse effect on the tax-exempt status of any bonds of the  
 176 authority or the state.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2007	32-23e
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**CE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
CT. Development Auth. (quasi-public)	None	None	None

**Municipal Impact:** None

**Explanation**

The authority given to the Connecticut Development Authority in the bill is not anticipated to impact current activities and/or result in a fiscal impact.

**The Out Years**

None

**OLR Bill Analysis****sSB 1418*****AN ACT CONCERNING THE FINANCING OF PROJECTS BY  
PRIVATE ENTITIES.*****SUMMARY:**

This bill gives the Connecticut Development Authority (CDA) the general authority to provide loan guarantees of up to \$1 million in connection with any economic development project.

CDA can already provide loan guarantees within specific financial assistance programs related to economic development, such as the Environmental Assistance Revolving Loan Program (CGS § 32-23qq), the Connecticut Works Fund (CGS § 32-23ll), and the Connecticut Job Training Finance Program (CGS § 32-23uu).

EFFECTIVE DATE: October 1, 2007

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 10      Nay 9      (03/20/2007)